

Guidance on the Meaning of “Sufficiently Challenging” Performance Levels for Use of OHIC Aligned Measure Set “Core Measures” in Insurer-Hospital Contracts

Section 4.10.D.6.d.1 of 230-RICR-20-30-4 specifies that insurer contracts with hospitals must include a quality incentive program. Among other requirements, that program must “include payment for attaining or exceeding mutually agreed-to, **sufficiently challenging** performance levels for all Core Measures within the Aligned Measure Set for hospitals.”

OHIC provides the following guidance on the meaning of “sufficiently challenging”. The parameters set forth below apply should an insurer’s contract with a hospital involving comparison of hospital performance to an external benchmark and/or assessment of hospital performance improvement over time.¹

1. If the insurer’s hospital quality incentive involves comparison of hospital performance to an external benchmark:
 - a. the benchmark must equal:
 - i. the national 75th percentile, if using a measure reported on the CMS Care Compare website, as calculated by the insurer using the hospital-level data files in the CMS Provider Data Catalog;²
 - ii. the commercial national 75th percentile, if the measure is found in NCQA’s HEDIS measure set;
 - iii. the national 75th percentile if using a Joint Commission measure, as calculated by the insurer using hospital-level data from the Joint Commission Quality Check platform³; or
 - iv. at least the national average if the measure is reported by an entity other than CMS, NCQA or the Joint Commission, and
 - b. the benchmark may not be derived from Rhode Island hospital performance given the small number of hospitals in Rhode Island.

For benchmarks set to the national 75th percentile, insurers may elect to allot incentive payments on a pro rata basis for performance that falls between the 50th and 75th percentile.
2. If the insurer’s hospital quality incentive involves assessment of hospital performance improvement over time and sufficient data **are** available to support assessment of statistically significant change:

¹ Insurers are not required to employ both external benchmark and performance improvement methodologies.

² Hospital-specific data for CMS Care Compare measures are located on the “[Provider Data Catalog](https://data.cms.gov/provider-data/)” website (<https://data.cms.gov/provider-data/>).

³ Hospital-specific data for Joint Commission measures are located on the “Quality Check – Data Download” website (<https://www.qualitycheck.org/data-download/>).

- a. the insurer must require the hospital to demonstrate annual statistically significant⁴ improvement, unless baseline performance is closer to the external benchmark (see guidance above) than a statistically significant improvement would require. In such circumstances the insurer may require improvement up to the benchmark.⁵
3. If the insurer's hospital quality incentive involves assessment of hospital performance improvement over time and sufficient data are **not** available to support assessment of statistically significant change:
 - a. the insurer must require the hospital to demonstrate clinically meaningful improvement over prior year performance, up to the benchmark.

⁴ OHIC for, this purpose only, defines "statistically significant improvement" as determined using a one-tailed test with a power of 0.8 and $p \leq .10$.

⁵ CMS hospital-specific data for CMS Care Compare measures are located on the "[Provider Data Catalog](https://data.cms.gov/provider-data/)" website (<https://data.cms.gov/provider-data/>).